

# United Steelworkers

jsc



Building Power

# USW

Merged April 14, 2005



August 18, 2005

Leo W. Gerard  
International President

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AUG 23 2005

FDIC/SFRO Mailroom

Mr. John F. Carter, Regional Director  
Federal Deposit Insurance Corporation  
25 South Jessie Street at Eker Square, Ste. 2300  
San Francisco CA 94105

Dear Mr. Carter:

It is my understanding that Wal-Mart Stores, Inc. has recently applied to the Federal Deposit Insurance Corporation for a Utah Industrial Loan Corporation (ILC) charter to operate "Wal-Mart Bank." On behalf of the 850,000 members of the United Steelworkers (USW), I urge the FDIC to reject this latest attempt by Wal-Mart to enter the banking industry.

Wal-Mart's previous applications in 1999 to purchase an Oklahoma federal savings and loan company and in 2001 to establish a partnership with an existing bank were turned down by the Office of Thrift Supervision, which reaffirmed the restrictions on the combination of commerce and banking. Wal-Mart then changed its focus from traditional banks to Industrial Loan Corporations, which are not subject to the stricter regulations of bank-holding companies. In 2002, Wal-Mart tried to purchase Franklin Bank, a small California ILC. That attempt has been denied, as we urge you to also deny this most recent application.

Wal-Mart's history of rapid growth and relentless expansion in retail brings doubt to its claim that "Wal-Mart Bank" would merely process electronic check transactions and process credit and debit cards. If the FDIC were to approve its application, "Wal-Mart Bank" could well be the beginning of a new banking empire.

This might not be so disturbing if Wal-Mart did not have such an abysmal record in its compliance with established standards and regulations. The company is currently facing a massive class action lawsuit alleging repeated gender discrimination, and numerous other lawsuits for discrimination and wage and hour abuses. We do not believe Wal-Mart has the corporate credibility or track record to be permitted to enter the financial services industry and ask you to deny Wal-Mart's industrial bank application.

Sincerely,

Leo W. Gerard  
International President

LWG/pak

United Steel, Paper and Forestry, Rubber, Manufacturing,  
Energy, Allied Industrial and Service Workers International Union

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